MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016 / 2017

BAC 1824 MANAGERIAL ACCOUNTING 1

(All Sections / Groups)

25th FEBRUARY 2017
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This examination paper consists of **FIVE (5)** printed pages excluding cover page with:

   Section A: Twenty (20) multiple questions (40 marks)

   Section B: Three (3) structured questions (60 marks)

2. Answer **ALL** questions.

3. Answer **Section A** in the multiple choice answer sheet provided and **Section B** in the answer booklet provided.

4. Marks allocations are shown at the end of each question.

Section A

Instructions: Designate the best answer for each of the following questions.

1. A debit balance in the Manufacturing Overhead account at the end of an interim month means that
   a. the balance should be reported as an asset in the monthly balance sheet.
   b. corrective action by management is necessary.
   c. overhead has been underapplied.
   d. cost of goods sold should be credited on the monthly income statement.

2. In a job order cost system, which of the following accounts is *not* a control account?
   a. Raw Materials Inventory
   b. Factory Labor
   c. Finished Goods Inventory
   d. Manufacturing Overhead

3. In the current assets section of the balance sheet, in which order are manufacturing inventories listed?
   a. Raw materials, work in process, finished goods
   b. Finished goods, work in process, raw materials
   c. Work in process, finished goods, raw materials
   d. Finished goods, raw materials, work in process

4. Which one of the following costs is a component of both manufacturing overhead and total manufacturing costs?
   a. Direct labor
   b. Direct materials
   c. Selling and administrative costs
   d. Factory utilities

5. Manufacturing costs are typically classified as
   a. product costs or period costs.
   b. direct materials or direct labor.
   c. direct materials, direct labor, or manufacturing overhead.
   d. direct materials, direct labor, or selling and administrative.

The following data should be used for questions 6–9:

Raw materials inventory, January 1	RM 12,000
Raw materials inventory, December 31	16,000
Work in process, January 1	5,000
Work in process, December 31	8,000
Finished goods, January 1	17,000
Finished goods, December 31	12,000
Raw materials purchases	118,000
Direct labor	165,000
Factory utilities	64,000
Indirect labor	12,000
Factory depreciation	18,000
Selling and administrative expenses	220,000

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6. How much is the cost of the direct materials used?
   a. RM118,000
   b. RM114,000
   c. RM122,000
   d. RM130,000

7. *Assume your answer to question 6 above is RM130,000.* How much are total manufacturing costs?
   a. RM389,000
   b. RM393,000
   c. RM295,000
   d. RM609,000

8. *Assume your answer to question 7 above is RM400,000.* How much is cost of goods manufactured?
   a. RM400,000
   b. RM389,000
   c. RM397,000
   d. RM403,000

9. *Assume your answer to question 8 above is RM420,000.* How much is cost of goods sold?
   a. RM420,000
   b. RM408,000
   c. RM295,000
   d. RM425,000

10. The formula for computing a predetermined overhead rate is
    a. estimated annual overhead costs ÷ estimated annual operating activity.
    b. estimated annual overhead costs ÷ actual annual operating activity.
    c. actual annual overhead costs ÷ actual annual operating activity.
    d. actual annual overhead costs ÷ estimated annual operating activity.

11. Which one of the following is an example of a period cost?
    a. Maintenance on factory machines
    b. Wages of factory workers
    c. Salesmen's commissions
    d. Depreciation on the factory building

12. When production costs are debited to Work in Process Inventory, which accounts will be credited?
    a. Raw Materials Inventory, Factory Labor, and Finished Goods Inventory
    b. Manufacturing Overhead, Factory Labor, and Cost of Goods Sold
    c. Raw Materials Inventory, Factory Labor, and Manufacturing Overhead
    b. Accounts Payable, Factory Wages Payable, and Accumulated Depreciation

Continued...

13. What are the functions of management in an organization?
    a. Planning, controlling, and decision making
    b. Planning, directing, and controlling
    c. Directing, controlling, and decision making
    d. Directing, planning, and decision making

14. Which one below is *not* one of the major activities of managerial accounting?
    a. Providing a basis for controlling costs by comparing actual results with planned objectives
    b. Preparing financial statements designed primarily for external users
    c. Preparing internal reports for management
    d. Determining the behavior of costs as activity levels change

15. Which of the following would most likely use a job order cost system?
    a. Cement manufacturer
    b. Cat food manufacturer
    c. Specialty printing Sdn. Bhd.
    d. Automobile manufacturer

16. In a JIT cost accounting system,
    a. no inventories are kept on hand.
    b. no manufacturing overhead costs are incurred.
    c. a company strives to have the minimum amount of inventories.
    d. conversion costs are eliminated.

17. The number of purchase orders would be an appropriate cost driver for
    a. inspecting and testing cost.
    b. machining cost.
    c. ordering and receiving materials cost.
    d. supervising cost.

18. Which one of the following is a product-level activity?
    a. Assembly of staplers
    b. Every tenth stapler produced is tested to be sure it meets quality standards.
    c. The factory janitor is paid.
    d. A setup is undertaken when the model of staplers to be produced changes.

19. The primary benefit of activity-based costing is that it leads to
    a. more cost pools used to assign overhead costs to products.
    b. more accurate product costing.
    c. enhanced control over overhead costs.
    d. better management decisions.

20. All of the following are value-added activities in a manufacturing operation *except*
    a. assembly.
    b. engineering design.
    c. inspections.
    d. machining.

(Total 40 marks)

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Section B

Question 1

Uniform Master Sdn. Bhd. makes student book bags that sell for RM20 each. For the coming year, management expects fixed costs to be RM225,000. Variable costs are RM14 per unit.

Instructions

(a) Compute the contribution margin per unit and contribution margin ratio.

(6 marks)

(b) Compute break-even sales in Ringgits using the contribution margin method.

(4 marks)

(c) Compute margin of safety ratio assuming actual sales are RM937,500.

(5 marks)

(d) Compute the sales required to earn net income of RM150,000, using the contribution margin method.

(5 marks)

(Total 20 marks)

Question 2

Sports World Sdn. Bhd. produces golf discs which it normally sells to retailers for RM6 each. The cost of manufacturing 25,000 golf discs is:

Materials	RM 10,000
Labor	30,000
Variable overhead	20,000
Fixed overhead	40,000
Total	RM100,000

Sports World also incurs 5% sales commission (RM0.30) on each disc sold. Fraser Corporation offers Sports World RM4.25 per disc for 3,000 discs. Fraser would sell the discs under its own brand name in foreign markets not yet served by Sports World. If Sports World accepts the offer, its fixed overhead will increase from RM40,000 to RM43,000 due to the purchase of a new imprinting machine. No sales commission will result from the special order.

Instructions

(a) Prepare an incremental analysis for the special order.

(18 marks)

(b) Should Sports World accept the special order? Why or why not?

(2 marks)

(Total 20 marks)

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Question 3

The Building Materials Division of Eco Green Berhad is operated as a profit center. Sales for the division were budgeted for 2016 at RM1,250,000. The only variable costs budgeted for the division were cost of goods sold (RM610,000) and selling and administrative (RM80,000). Fixed costs were budgeted at RM130,000 for cost of goods sold, RM120,000 for selling and administrative and RM95,000 for noncontrollable fixed costs. Actual results for these items were:

Sales	RM1,175,000
Cost of goods sold	
Variable	545,000
Fixed	140,000
Selling and administrative	
Variable	82,000
Fixed	100,000
Noncontrollable fixed	105,000

Instructions

(a) Prepare a responsibility report for the Building Materials Division for 2016.

(18 marks)

(b) Assume the division is an investment center, and average operating assets were RM1,200,000. The noncontrollable fixed costs are not controllable at the investment centre level. Compute Return on Investment (ROI).

(2 marks)

(Total 20 marks)

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